

ENERGY EFFICIENCY AND RESOURCE MANAGEMENT COUNCIL

Minutes-July 14, 2011

Conference Room B, Second Floor, DOA

Call to Order: The meeting was called to order by Chairman Ryan at 3:30 PM

Members Present: Abigail Anthony, Marion Gold, Paul Ryan, Dan Justynski, Joe Newsome, Joe Cirillo and Chris Powell

Consultants Present: Scudder Parker and Mike Guerard

Staff Present: Pat McCarthy and Charles Hawkins

Others Present: Peter Asen, Karl Munzel, Brian Kearney, Rachel Henschel, Jeremy Newberger, Josh Croft and Ed White

Acceptance of Minutes: A motion was made by Joe Cirillo to accept the June minutes. It was seconded by Paul Ryan and passed unanimously.

NGrid's Hard to Reach Heating Program Report

NGrid's Residential EE Manager Brian Kearney made this presentation. The RI High Efficiency Heating & Equipment Program

(HEHE) was analyzed to determine the profile of participants. Statistical modeling was performed to identify key demographic variables that were predictive of program participation. The results highlighted the fact that participants in the program tended to be high income & married, while the Hard to Reach (HTR) segments has a lower income and were less likely be married. (HTR is between the high income segments who are more likely to participate in EE programs and the low income segment who can get these services free through WAP).

NGrid is using an analytical model to determine what marketing tactics are working to get at HTR customers. Key variables are marital status, income, presence of kids, education and length of residence. All of these factors are weighted together.

NGrid did comparisons between Mass. & RI. HEHE participation in RI is almost 30% less than in Mass., RI has a proportion of married households that is 35% less than Mass. and less college grads. RI has almost twice the proportion of LIHEAP clients per capita than Mass.

RI is ahead of the curve in finding out who the HTR segments are. Chris P. asked if the 36,000 LIHEAP recipients are excluded from the study. Brian K. said yes because in theory, they are eligible for free heating systems through WAP.

NGrid's marketing approach includes community outreach, direct mail, telemarketing and the use of circuit riders. HTR customers will receive a multi-channel communications mix. Joe C. asked about what the presence of children has to do with participation. ED W. said that if you have children, you are more likely to spend more time in the home, and comfort and affordable are more important. Dan J. asked why there was no variable about heating source. Brian K. said that this is not a gas conversion program.

Second Quarter Energy Efficiency Highlights.

Currently NGrid is working on a new gas budget to reflect new legislation that aligns gas EE with the goals of LCP. A new gas EE budget & goals has been filed with the PUC and a bench decision is hoped for. Wait lists are being formulated for the all gas EE programs, so the company will be prepared when the new funding becomes available.

Other highlights include completing 13 technical assessments on municipal wastewater treatment plants and audits on 100 RI Army National Guard buildings. NGrid is working with the EDC on 0% loans. On the residential side, the EnergyWise program now has an on-line component. Work is being done with Providence on refrigerator recycling and \$600,000 in ARRA funding has been added to the Deliverable Fuels Program. Joe N. asked if the wait lists were oversubscribed. Rachel H. said that they were not.

Marion G. asked about the types of EE services that were available to the farm community. She mentioned a program funded through the farm bill that provides \$100,000 for EE outreach to farms to do audits for a low interest loan program. She wondered if there were gaps in NGrid's EE programs. Rachel H. said they should call NGrid's small business office. Marion said that USDA & NCRS are working together to provide technical assistance. The contact person is Jerry Bertram at NCRS. Ed W. said that NGrid has worked with such programs in upstate New York. Scudder P. said there was a long history of EE on farms in Vermont.

Joe C. asked if the residential code study was being coordinated with the state building office. Rachel said that NGrid was working with code commissioner Jack Leyden.

Update on Council Reappointments

Marion G., Joe N. and Abigail A. were all reappointed until April of 2016.

VEIC Monthly Report

VEIC's chief task has been the development of the 3-year plan with an emphasis on performance incentives, transparency and savings targets. DPUC has been engaged in this discussion. Meetings on the

cost effectiveness component are scheduled. Mike G. has been working on a technical resource manual to compliment the 3-year plan. This is an estimate of costs and savings for EE plans. Jeremy N. said that NGrid has been using these same assumption in Mass. Chris P. wanted to make sure the assumptions and screening tools are the same for RI as for other states, so it is consistent. How does RI compare with NY & Mass? Mike G. said that 80% of the data can be transferred from other states and only 20% needs to be RI specific.

Other VEIC activities have included meeting with the WCRPC on LED town street lighting, meeting with Abigail A., NGrid, and RI Housing on low-income multifamily EE, commenting on NGrid's EnergyWise RFP, and hosting a contractor's breakfast with NGrid relating to the above RFP. They have also been doing listening sessions with two target areas: C&I, and Low Income.

Chris P. mentioned the Emerald Cities Program. Providence was one of 9 cities in the US chosen for this project which uses EE to create jobs on deep retro fits in the C&I sector. He is on the steering committee and wondered if Emerald Cities and the EERMC can share information so the project can reduce planning expenditures. Scudder P. said that the Council's second half budget can support this activity. Does the Council need a motion for VEIC to share this data? It would be a win-win for the City & the Council.

Joe N. asked about the contractor's breakfast & the LI Multi Family meetings and wanted to get information on what transpired. Mike G. said he could provide the notes from the meeting. Joe N. said he received no notice about the meeting.

Paul R. wondered if a special council meeting on the 3-Year Plan was needed before it was voted on at the August Council meeting. Rachel H. said that the plan would be vetted at the 7/28 DSM Collaborative meeting and suggested combining this meeting with a Council meeting. A discussion was then held about Open Meeting provisions and the problem of quorum.

NGrid Restructuring and Energy Efficiency Staffing

NGrid's Ed White was introduced to give this presentation. NGrid has returned to a business model with more emphasis on individual states. Tim Horan is the new president for RI. Mike McAteer is the new Director of Policy & Staffing in RI and he will be NGrid's face to the Council. Ed W.'s team will oversee strategic development and new products with an emphasis on EE, RE, economic development and corporative citizenship. The Sales Team will only be concerned with executing the current year's EE plan. There will be a head of strategy-Ed W., a head of sales who will execute the current plan, and a head of marketing-Iliana Williams.

Abigail A. asked whether NGrid will be losing 50% of its EE staff and 4

out of 8 of their evaluation people. She is concerned about NGrid's capacity to deliver on the new aggressive EE goals and savings. Ed W. said it is a concern. Out of 683 customer employees, 103 took the voluntary severance. He said every business goes through cycles. However, by having staff focusing on only RI, he is optimistic that this reorg can work for RI. Abigail said the goal of the Council is to ensure that NGrid is delivering on the savings goals in a cost effective manner. Giving these staffing changes the council may need to track progress on a month to month and not a quarterly basis. Rachel H. said that NGrid is on target to meet the 2011 savings goals. Marion G. asked who will be NGrid's Council representative. Ed W. said Mike McAteer is head of Strategy & Policy for RI. The bottom line is to do the EE programs at the least cost to consumers with one-stop service.

NGrid's Highlights of the Upcoming Three Year Plan

NGrid will develop an electric plan that is consistent with the EERMC savings targets approved by the PUC in June 2011. On the gas side, however, initial modeling shows the June 2011 savings targets are not cost effective. Chris P. asked where NGrid got the data. A regional avoided costs study decreases claimed savings benefits by 30% resulting in lower expectations. Chris P. said that gas rates have not dropped 30%. NGrid is working on developing cost effective scenarios for gas savings targets.

One variable to consider is how high the DSM charge can be. At a recent collaborative meeting TEC-RI & the DPUC said that there was a finite cap & tolerance for how much C&I customers can pay. Other variables are the cost of saved energy and the possibility of adjusting the annual gas savings goals. NGrid will have a draft ready by the end of the week.

Abigail A. said that the cost of saved energy in RI is already the highest in the region. Chris P.'s concern is that RI's cost per lifetime does not compare with the region. Why is RI double that of Mass. & NH? Chris P. said that the Council needs more info from NGrid on how they got to these numbers. He said the Council may need to get a third party analysis. Rachel H. said that a gas opportunity report like the one done by KEMA for the electric side would be a good idea. With gas saving worth 30% less, it becomes less cost effective. Chris P. wanted to know if all the assumptions and data are correct. Chris P. requested that cost of saved energy data be provided to the council before they vote on it. He is not prepared to vote now.

NGrid will be looking at scenarios in an upcoming meeting to find out what measures are achievable and cost effective and have it done before the 7/28 DSM Meeting. They will also look at the cost of supply constraint because it is a statutory requirement. Paul R. felt it was important to make sure these scenarios get out to the council before 7/28 as well as the draft plan. Jeremy N. said that NGrid will send out a package on 7/22.

Adjournment

Joe Newsome made a motion to adjourn the meeting, it was seconded by Paul Ryan and passed unanimously.

Respectfully submitted:

Charles Hawkins

Secretary Pro-tempore